

Message Text

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17

ACTION EA-10

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 SAM-01 SAJ-01 /111 W
----- 118329

R 300404Z MAY 75

FM USLO PEKING

TO SECSTATE WASHDC 3833

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O.11652: N/A

TAGS: ETRD, EAGR, AR, CH

SUBJECT: PRC TO IMPORT LESS GRAIN FROM ARGENTINA

1. AT RECEPTION MAY 28 THE ARGENTINE COMMERCIAL COUNSELOR IN PEKING TOLD USLO OFFICER THAT HIS COUNTRY PROBABLY WILL DELIVER ONLY A SMALL AMOUNT OF GRAIN TO CHINA THIS YEAR. " WE MAY SELL SOME CORN," HE SAID, "BUT NOT MUCH." WHEAT DELIVERIES, HE SAID WILL BE OUT OF THE QUESTION.

2. ASKED WHAT IMPLICATIONS THIS DEVELOPMENT HAD FOR ARGENTINA'S THREE-YEAR GRAIN SUPPLY AGREEMENT NEGOTIATED WITH THE PRC IN DECEMBER 1973 (SEE PEKING 1663 OF 1973 FOR DETAILS), THE COUNSELOR SAID THAT AGREEMENT WAS NEVER ACTUALLY SIGNED, BUT ONLY INITIALED. FORMAL SIGNING HE SAID, WAS ORIGINALLY SCHEDULED

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FOR EARLY 1974 DURING A MINISTERIAL VISIT FROM

ARGENTINA WHICH DID NOT MATERIALIZE. " SINCE WE NEVER SIGNED THE AGREEMENT," THE COUNSELOR SAID, "IT NEVER REALLY WENT INTO EFFECT." ASKED WHETHER THE REDUCED LEVEL OF ARGENTINE GRAIN DELIVERIES TO CHINA THIS YEAR COMES AT CHINESE OR ARGENTINE REQUEST, THE COUNSELOR RESPONDED THAT THERE WERE "PROBLEMS ON BOTH SIDES."

3. COMMENT: THE ARGENTINE COUNSELOR'S REVELATION THAT HIS COUNTRY'S THREE-YEAR AGREEMENT WITH CHINA NEVER ENTERED INTO FORCE COMES AS A SURPRISE, SINCE HE PREVIOUSLY HAD NOT MENTIONED THIS AND DID NOT CONTRADICT OUR AFFIRMATIVE REFERENCES TO THE ACCORD. THAT THE AGREEMENT WAS NEVER FORMALLY SIGNED SEEMS NOW TO AFFORD BOTH SIDES AN EASY ESCAPE FROM AN ARRANGEMENT WHICH NO LONGER SERVES EITHER'S INTERESTS. PROBLEMS OF SUSPECTED TCK WHEAT SMUT IN ARGENTINE WHEAT (SEE PEKING 1674 OF 1974) AND REPORTED MOLD IN ARGENTINE CORN DELIVERIES, MAY HAVE SOURED THE PRC ON WHAT EARLIER SEEMED AN ATTRACTIVE SUPPLEMENTARY SOURCE OF SUPPLY. THE SAME DIFFICULTIES MAY HAVE CONVINCED ARGENTINE SUPPLIERS THAT CHINA IS LESS DESIRABLE LONG TERM MARKET THAN ORIGINALLY BELIEVED. WE ALSO ASSUME THAT CHINA'S DESIRE TO SPEND LESS FOR GRAIN IN 1975 PLAYED AN IMPORTANT AND PERHAPS DECISIVE ROLE IN THE DECISION TO REDUCE SINO-ARGENTINE GRAIN TRADE THIS YEAR. BUSH

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